

STATE DEPARTMENT OF PUBLIC EDUCATION

Audit of Data Used in Accountability Program

October 24, 2001

*Report to
the LEGISLATIVE FINANCE COMMITTEE*

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Flora M. Sanchez, President
State Board of Education
Education Building
Santa Fe, New Mexico 87501-2786

Dear Ms. Sanchez:

On behalf of the Legislative Finance Committee (LFC), we are pleased to transmit the audit report of the data used in the accountability program.

The audit team interviewed key personnel, examined documents, tested the validity of data submitted by school districts and prepared this report which will be presented to the committee on October 24, 2001. The contents of the report were discussed with State Department of Public Education (SDE) staff at an exit conference held on October 1, 2001. We are appreciative of the cooperation and assistance extended by department and school district personnel.

We believe that this report addresses issues the LFC asked us to review and hope the department will benefit from our efforts. Thank you for your cooperation and assistance.

Sincerely,

David Abbey, Director
Legislative Finance Committee

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

The purpose of this audit was to determine the extent of reliability and validity of data gathered by the State Department of Public Education (department) and how such data are analyzed and used in the Accountability Program for school funding, school rating, improvement fund distribution (ranking), School District Report Card preparation and oversight.

School year 1999- 2000 is the first year schools were rated under the Accountability Program. The State Board of Education and the department are continuously trying to improve it. Everyone agrees that the reliability of the data has greatly improved with the implementation of the accountability data system (ADS) and the program should be viewed as a work in progress. This report is intended to assist the department in making improvements.

ADS is a component of the Accountability Program. Data captured through ADS are mandated by law or regulation. ADS primary purpose is to determine distribution of the state equalization guarantee fund to districts. Student data are also merged with assessment data (test results) to determine student achievement for school rating and ranking. Dropout, mobility, graduation, violence and vandalism data are not captured through ADS, but through surveys and other manual data collection methods.

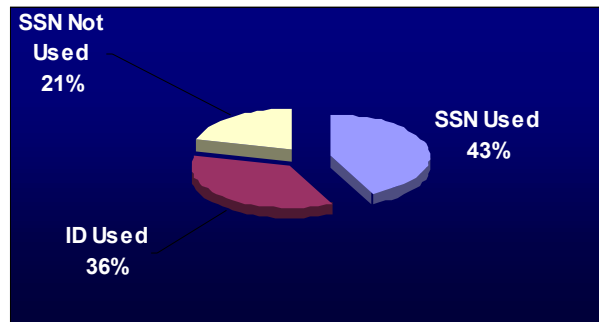
ADS has great capability, is user friendly and captures substantial data. ADS is being used effectively for school district funding. The department would be able to perform substantial meaningful analysis if data initially intended to be captured through ADS, such as dropout and mobility, are eventually included. The implementation of a statewide student identification number (ID) system would enhance ADS capability as an analytical tool. To utilize ADS to its fullest extent, adequate resources will need to be devoted, i.e., staff, time and training.

Another component of the Accountability Program is the statutorily required annual accountability report. In newspaper publication it is titled "the School District Report Card". The School District Report Card measures school performance through five indicators: student achievement; student dropout; student attendance; school safety; and parent and community involvement. The data for the School District Report Card are gathered through a variety of data collection methods. The School District Report Card and the State Accountability Report can be misleading to the uninformed reader because sufficient relevant detail is not provided.

The incentive, recognition and intervention programs are the resulting actions in the Accountability Program. ADS data are merged with assessment data for school rating and ranking. However, because the department has not ensured that all students are tested, the rating and rankings are questionable. Improvements to the data used in the Accountability Program can be made in the following areas:

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Mandate the statewide use of social security numbers (SSN). If a parent refuses to provide a SSN under the Privacy Act then issue a statewide student identification (ID) number. The examination of 357 student files at 32 schools in 16 districts for school year 2000 indicates 228 SSNs are available; however, only 154 are used as student IDs in ADS. Some districts do not ask for the SSN due to their interpretation of the Privacy Act. The use of SSN is preferred by the department. The ADS manual also instructs school districts to use SSNs when available. Unique student IDs would allow the state to track and analyze student activity between school years as well as between school districts. The mobility and dropout rates could also be easily and accurately determined.



Ensure all students are tested and accounted for by reconciling the number of students assessed to the number of enrolled students on the 120th day of each school year. An analysis of the data used for the school year 2000 school rating and distribution of school improvement funds indicates that the department did not verify that schools tested all students enrolled as required by law. The department calculation of the number of students tested resulted in some schools testing more than 100 percent of 120th day enrollment because it appears that adjustments had not been made for dual-tested students. In other instances, the calculation resulted in less than 50 percent of the 120th day enrolment being tested. Because of inadequate analysis, schools may have been incorrectly rated and some may have been incorrectly distributed improvement funds.

Disclose reliable, relevant and reasonable information to enable stakeholders to draw realistic and informed conclusions from the School District Report Card and the State Accountability Report. By law, the School District Report Card is to be disseminated according to State Board of Education guidelines to ensure effective communication with parents, students, educators, local policymakers and business and community organizations. In some instances, information reported in both the School District Report Card and the State Accountability Report does not agree, even though the data originated from the same source. There is also no evidence that (1) data submitted by school districts are verified and validated by the department, and (2) that services provided with at-risk funds are included in the School District Report Card as required by law. Relevant information is not provided which can result in misleading the reader such as:

- Number of quality of education surveys issued in relation to those returned is not reported.
- Number of police reported incidents are not analyzed according to school district size or severity.
- Number of students enrolled in relation to number tested is not provided.

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Delay further ADS enhancements and changes, additional data requests and new system implementation until the Accountability Program and ADS are stabilized. According to planning documents and school district personnel, ADS was not only supposed to significantly enhance the reliability of data, but also reduce the burden on school districts with regard to data submission. School districts, however, have had to dedicate additional resources to keep up with the department's ADS related requirements. Hence, the school districts' cost of data collection and maintenance has significantly increased. School district personnel requested a moratorium on ADS changes and delay of implementation of performance-based budgeting. The department recognizes stabilization is warranted. However, according to the department, changes are the result of changes in federal and state law.

Require all school districts to use the Access Edit Software to reduce the excessive number of data transmissions to the department. Substantial numbers of data input edit exceptions identified by the department resulted in untimely issuance of membership data. Data submissions of some school districts are rejected up to 20 times before final acceptance by the department, which results in draining resources at both the school district and department level.

Amend state statute to fund school districts with less than 200 students in the same manner as all other school districts. Currently funding for school districts with less than 200 students is based on the greater of current 40th-day membership or prior year 40th-day membership. All other school districts are funded based on the average of the prior year membership. A statutory amendment would allow for consistent funding and enable calculation of small school districts equalization guarantee funding to be performed by ADS rather than on an Excel spreadsheet.

Provide ADS training to department personnel to ensure they understand its capabilities, the types of information it contains and how to analyze the data. This would help minimize or eliminate requests for information from the school districts for data already contained in ADS. It would also enable department personnel to devote more time to validate and analyze data rather than just collect, summarize and report it.

Develop written policies and procedures in all areas of the department. Because of recent heavy staff turnover, department personnel have recognized that written policies and procedures are lacking throughout the department. In addition, school district personnel stated that often inconsistent guidance is provided by department staff. Good well-written policies and procedures are necessary for continuity of operations and consistent guidance to school district personnel.

Evaluate the reason for heavy staff turnover. The department continues to experience a high rate of turnover. The following schedule shows various turnover statistics for the past three years:

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Year	Employee Count	Terminations	Turnover Percent
2000-2001	232	48	20.7
1999-2000	242	42	17.4
1998-1999	242	18	7.4

Perform timely cash reconciliations. As of August 2001, cash reconciliations had not been performed on the general operating and federal flow through accounts since the period ending June 30, 2000. Several other accounts also had not been reconciled timely. This is a weakness in internal control because errors and irregularities cannot be detected and corrected in a timely manner.

REVIEW INFORMATION

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Background. In June 1998, the State Department of Public Education implemented the accountability program. The New Mexico Accountability Program for Schools has been in a state of constant change since inception. The program seeks to answer four key questions through several basic components. The following chart provides the four key questions along with the components used to answer the questions.

Key Questions	Components of Program		
What should students know and be able to do?	New Mexico Standards for Excellence (6NMAC 3.2) Part 1 Knowledge & Skills, Qualities (6NMAC 3.2.8) Part 2 Educational Plan for Student Success (EPSS) (6NMAC 3.2.9) Part 3 State Content Standards with Bench Marks (6NMAC 3.2.10-17)		
How do schools and districts measure and report progress?	Accountability Data System (22-1-6.F, NMSA 1978)	NM Statewide Student Assessment System (22-2-8.4-6, NMSA 1978) (6NMAC 3.2.9.19)	State & Local Accountability Reports (22-1-6, NMSA 1978)
How does the state review progress?	Accreditation Process (22-2-2 V. NMSA 1978) (6NMAC 3.2.9.31.1)	Program Budget Review Process (6NMAC 3.2.9.31.2)	
What are the resulting actions?	Incentive Program (22-13A-5 NMSA 1978)	Recognition Program (22-1-6 NMSA 1978)	Intervention Program (22-1-6 NMSA 1978)

The New Mexico K-12 Student Information System Project Plan dated January 1995 states that dropout data and mobility data (enrollment, re-enrollment and withdrawal) are important if actual performance is to be reliably measured against goals. The system would have the ability to track a student from one school district to another within the state. It was also envisioned to track students to post-secondary institutions to determine educational attainment, through the Labor Department for employment purposes and through the Human Services Department to determine if the student subsequently received public assistance. Page B-6 of Attachment B of The Information Systems Framework Request for Project Information dated February 10, 1997 indicates one of three specific state requirements of ADS is to address proposed changes in the Public School Equalization Guarantee Funding Formula for calculating dropout rates, student mobility, limited English proficient (LEP) and Title I eligibility.

According to the 2000-2001 ADS Manual, "The Accountability Data System (ADS) is a collaborative project of the New Mexico Public Schools and the State Department of Public Education to create a comprehensive student- and staff-level information system. Every attempt will be made to maintain the database for analyzing trends over multi-year periods. ADS provides a standard data set for each student served by New Mexico's K-12 public education system." ADS serves the following three purposes:

- Coordinate data collection efforts and reduce the data burden in school districts;

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- Meet state and federal reporting requirements for funding and monitoring; and
- Aid in statewide policy development by providing a base of information that can be used in responding to inquiries from the Legislature and State Board of Education.

Although the structure/data elements could potentially change annually because of changes in state and federal regulations, every attempt will be made to maintain the database for analyzing trends over multi-year periods.

Authority for Review. The Legislative Finance Committee has the statutory authority under Section 2-5-3 NMSA 1978 to examine the laws governing the finances and operations of departments, agencies and institutions of New Mexico and all of its political subdivisions, the effects of laws on the proper functioning of these governmental units and the policies and costs of governmental units as related to the laws, and to make recommended changes to the legislature. In the furtherance of its statutory responsibility, the committee may conduct inquiries into specific transactions affecting the operating policies and costs of governmental units and their compliance with state law.

Objective and Scope.

- Determine extent of data redundancy between the various data system.
- Determine types of data captured, uses and users.
- Determine extent of data system integration.
- Determine data consistency and accuracy.

The review covered School Years 2000 and 2001.

Procedures.

- Reviewed laws, regulations and procedures relating to the accountability program.
- Interviewed department and school district personnel.
- Examined student and teacher records relating to ADS.
- Reviewed state accountability reports, School District Report Card, school ratings and rankings.
- Reviewed State Board of Education meeting minutes.

Audit Team Members.

G. Christine Chavez, Sr. Performance Auditor
Lorenzo Garcia, Performance Auditor

Team members used for school visits: Manu Patel, Audit Manager; LaVonne Cornett, Senior Performance Auditor; and Scott Roybal, Alicia Ortiz and Charles Schroeder, Performance Auditors.

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Exit Conference. An exit conference was held on October 1, 2001, among the following:

State Department of Public Education

Michael J. Davis, State Superintendent of Public Instruction
Dr. Susanna M. Murphy, Deputy Superintendent for Instruction
Patricia Rael, Assistant Superintendent for Accountability and Information Services
Dr. Kathleen Forrer, Chief Financial Officer
Jack McCoy, Director School Improvement and Professional Development Services

Legislative Finance Committee

David Abbey, Director
Manu Patel, Performance Audit Manager
G. Christine Chavez, Senior Performance Auditor

Distribution of Report. This report is intended for the information of the Office of the Governor, State Board of Education, State Department of Public Education, Office of the State Auditor, Department of Finance and Administration, Legislative Education Study Committee and Legislative Finance Committee. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Manu Patel
Performance Audit Manger
Legislative Finance Committee

FINDINGS

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Mandate Unique Student Identification Numbers for Data Tracking. Since 1995, the department has not made progress regarding student identification numbers. The 1995 project plan states that “. . .the issue of defining an appropriate student identifier is almost certain to present the single largest challenge during development of the data dictionary.” This issue is not unique to New Mexico; all states are struggling with ways to track student performance since it is used in accountability programs. The National Center for Educational Statistics (NCES) addressed this topic at its annual data conference held in July 2001. The lack of a unique student identification number results in the following:

- Does not allow student tracking throughout the state for the purposes of accurately determining dropout and mobility rates or performing other types of data analysis such as matching ADS data with student assessment data.
- Contributes to inefficiency and frustration for department staff in matching student data with assessment data. In addition, if assessment results cannot be matched, with ADS the results may be eliminated which ultimately could affect school ratings and rankings. It also restricts the type of analysis the department could be doing with ADS data, such as tracking individual student performance.
- Duplicate IDs throughout the state. There are also duplicate IDs within individual school districts. One school district provided a list of 20 duplicate student records within the school district system.

Student records were examined in the following schools:

DISTRICT	SCHOOL(s)
Alamogordo	Sacramento Elementary
Albuquerque	McCollum Elementary and Hayes Middle
Belen	Rio Grande Elementary
Bernalillo	Placitas Elementary
Bloomfield	Bloomfield Family Learning Center
Espanola	Chimayo Elementary
Farmington	McCormick Elementary
Gallup	Gallup High
Las Cruces	MacArthur Elementary and White Sands Middle
Las Vegas	Memorial Middle

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DISTRICT	SCHOOL(s)
Ruidoso	White Mountain Intermediate
Socorro	Midway Elementary
Truth or Consequences	T or C Middle
Santa Fe	Chaparral, Pinon, Kearny, Carlos Gilbert, E. J. Martinez, Agua Fria, El Dorado, Cesar Chavez, Larragoite, R. M. Sweeney, Francis X. Nava, and Kaune Elementary
	De Vargas Jr. High and Calvin Capshaw Junior High
	Santa Fe and Capital High and Career Academy

The examination of 337 student records from 32 schools within 16 districts for school year 2000 indicates that SSNs are available but not used. For example, out of 357 sample records, 203 were assigned school-issued ID numbers. Further review indicated that 74 out of 203 had valid SSNs recorded in the student file but were not used in ADS. The department concluded that most student IDs are school issued numbers but this does not appear to be the case.

There is a flaw in the system design with regard to the student ID numbers. If a school does not designate whether the number is a SSN or a school-issued ID number; the system defaults to designate the number as a school issued ID. When querying the system to determine the number of school-issued ID numbers versus SSNs, it appears that SSNs are used even though the system recognizes them as school-issued ID numbers.

The 2000-2001 ADS manual states “social security numbers preferred; if not available, use unique school district ID number.” On page 10 of the manual, the answer to a frequently asked question states “If a student’s social security number is not available, assign a student ID number that is unique within your district. Make sure it is an actual **number** (i.e., contains no characters) and is nine (9) digits in length. The number may lead with zeros, but must use nine digits (e.g., 000000123). Also, specify “N” in the **VERIFY** field, meaning this is not a valid social security number.”

According to department staff, parents cannot be legally required to provide their child’s social security number. However, that does not preclude school district personnel from asking for a SSN. The department is placing bar codes on school year 2002 test sheets to ensure proper matching of assessment data with ADS data.

Recommendation. Mandate that all school districts use SSNs as the unique student identification number. In cases where parents refuse to provide the student’s SSN, a unique state-wide student ID number should be issued. Develop a crosswalk between current numbers and mandated numbers to ensure data are available for historical data analysis. Determine if the performance-

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based budgeting software is capable of issuing statewide ID numbers for this purpose and at what cost. Perform a cost-benefit analysis with other available off-the-shelf software.

Eliminate the system default to school-issued ID number and replace with a data input validation edit. Implement an edit to identify duplicate ID numbers statewide and issue an edit error report to school districts affected by the results.

Validate Data to Ensure Reliability of Reported Results. Although data quality improved with ADS the timely issuance of membership data, due to the data entry errors made by school districts, was adversely affected. The department has not required school districts to use Access edit software created by it. Edit software specially designed to handle a high volume of data was developed for Albuquerque Public Schools (APS). However, its use also is not mandatory. According to department staff, school districts can submit data as many as 20 times before the data are accepted by the system. Such numerous re-submissions result in untimely and costly processing of data. All school districts, other than APS, are allowed to transmit data during the day and during peak hours when department staff is using the central processing unit (CPU). APS expressed concern that its data submission must be performed at night due to the large volume of data and the lack of department CPU time during the day.

- During school visits, school district personnel expressed concern with the type and number of edit errors ADS produces. For instance, errors in teacher data will produce hundreds of error messages if that teacher is associated with hundreds of students. Some district personnel indicated that some reports produced by ADS end up in the trash because they do not understand their significance.
- According to some department staff, ADS appears to be processing data incorrectly. Advanced placement information had been reported incorrectly by ADS for four school districts; even though the school districts indicate the information was correct when initially provided. These are probably timing or human errors, and not necessarily ADS processing errors. According to personnel from one school district, errors occurred because the department did not use the latest transmission.

The department informed school districts that 2001-02 data submission deadlines must be met or funds will not be distributed. To enable them to do so, all school districts should be required to submit data at night and use the edit software that has been made available to them by the department. This would reduce the number of submissions and relieve the system during the day. It would increase overall efficiency by reducing department staff and CPU time spent in processing re-submissions. This will make school districts responsible for cleaning up and verifying data prior to submission, rather than relying on department staff to perform this task. School districts could have required reports much sooner than they are receiving them currently. Department staff would have more time to verify and analyze the data as was initially intended.

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- The entry, reentry and withdrawal (ER&W) data are accepted from school districts by the department without validation or subsequent audit. The ER&W data are used to determine the mobility factor in the school rankings for distribution of school improvement and at-risk funds. The mobility factor is calculated on an Excel spreadsheet using data from the ER&W report which is provided in written form by the school districts.
- Verification of students reported in ADS as enrolled in the state supported bilingual education program has not occurred. According to department staff, a reconciliation had not be performed between approved applications and what was reported in ADS. Within the last year, this edit check was implemented. A definitive answer could not be provided when staff was asked if bilingual membership was adjusted in ADS when discrepancies were noted or school districts applications were unapproved. By not adjusting ADS membership, some school districts may have been incorrectly funded for bilingual education. In addition, bilingual education has not been a part of membership audits conducted by the Internal Audit Unit.
- Teacher data reported in ADS is not verified. An examination of teacher records indicates that there are inconsistencies in reporting of teacher salaries, licensure and certification. Teacher salaries are reported inconsistently within school districts and between school districts. Some reported the base salary and others reported the base salary plus increments.
- Dropout data are also accepted from school districts without validation or verification. In addition, students reported as dropouts are not matched to ADS to determine if they are enrolled in another school district. It is possible that some of these students may actually be enrolled elsewhere; hence, erroneously reported as dropouts. Dropout data are received through a dropout survey and are used to rate schools.
- Differences reflected in the data collection sheet used for graduation rates are not reconciled. The graduation rate is computed by taking the number of 12th grade students enrolled at the beginning of the year compared to the same population that graduated. New students are not included in the computation. For example, in 1996 Alamogordo reflected a 100 percent graduation rate. This suggests that there were no withdrawals, which is highly unlikely for a school district with a substantial military population, as is the case with Alamogordo. In other instances, the graduation rate appears low. For example, in 2000 Espanola showed a graduation rate of 59 percent.
- According to department staff, data reported in the School District Report Card are not reviewed or validated by department staff. No one has ever requested the reports, even though each School District Report Card is on file at the department.

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The ADS manual requires that teacher base salaries be reported in ADS.

The implementation of the Accountability Program requires that data be verified, validated and reconciled because it is being used to determine the adequacy of school districts' educational performance.

Section 22-1-6 G. NMSA 1978, Annual School District Accountability Report Required states "The department of education shall verify data submitted by the school districts.

The purpose of ADS is to ensure that funds are flowed to school districts based on accurate and reliable membership information. Therefore, a reconciliation between approved state applications and membership reported in ADS is essential. In addition, verification of this information should become a part of the Internal Audit role.

Recommendation. Require all school districts to use the validation software prior to submission of data. Review data transmissions to ensure the latest transmission is used. Review edit reports to determine if they can be streamlined to reduce number of errors reported. Either provide training to school district personnel on the purpose of ADS reports or eliminate reports that serve no purpose at the school district level. If possible require that all school districts submit data at night.

Request assistance from the Internal Audit Unit for verification, validation and reconciliation of all data received from school districts to ensure data reliability. Inform school districts of the type of inconsistencies noted during this examination and reinforce the need for accuracy.

Promote Efficiency and Accuracy in School Districts Funding. Funding for school districts with less than 200 students is not calculated on the same basis as all the other school districts and is not calculated through ADS. Section 22-8-25D(3) NMSA 1978 requires funding for these school districts based on the greater of prior- or current-year 40th day membership. Funding is calculated through Excel spreadsheets. Therefore, the department is using two systems for distributing funds to school districts. All other school districts are funded based on prior-year average membership and ADS calculates funding. If funding for all school districts is computed consistently through ADS, all school districts would be funded consistently and department analysts would no longer be required to perform independent calculations for schools with less than 200 students. Staff time could be devoted to budget analysis. This requires a statutory change.

Recommendation. Provide recommended statutory changes for the next legislative session to fund school districts with 200 or less membership consistent with all other school districts.

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Reconcile Assessment Data for School Rating and Ranking.

- There appeared to be no minimum student testing requirement for the 2000 school ratings. Some schools rated as exceeds standards and meets standards appear to have tested less than 90 percent of the students enrolled. In some cases it appears that less than 75 percent of the student enrollment was tested. In contrast, some schools that were rated as probationary appear to have tested 100 percent of the students enrolled.

One elementary school tested 85 students out of 370 (23 percent) enrolled on the 120th day in fifth-grade and was rated exceeds standards. Six schools tested less than 50 percent of the 120th day enrollment. These schools each had more than 200 students enrolled on the 120th day. The number of students tested could not be compared to the 120th day enrollment for 19 schools in various grades because the database provided did not include that information. Also, one high school was not included in the database.

- The department required at least 90 percent of the school's 120th day student enrollment be tested to qualify for school incentive funds. Because of dual testing (TerraNova and Spanish), it appears that five schools receiving incentive funds tested more than 100 percent of the students. One of the five tested 197 percent. The department could not provide reconciliation documentation to resolve the actual number of students tested. This raises questions regarding the distribution of incentive funds to schools that may not have met the 90 percent testing requirement. Two schools that received incentive funds did not meet the 90 percent requirement when the number of students administered the Spanish assessment was eliminated.

One explanation given for schools that tested more than 100 percent of student enrollment was that they are dual language schools which results in administering both the TerraNova and Spanish assessment. However, the schools which tested more than 100 percent of the students were not included in the list of dual language schools approved by the department.

- It appears not all special education students are tested. A reconciliation was performed for several schools. Total special education students compared to number of special education students tested plus exemptions did not account for all the special education students. For example, in school year 1999-2000, one school had 42 special education students; nine students were administered the norm referenced test without modifications, two were administered the test under modified conditions, and there were zero exemptions. This resulted in 31 students unaccounted for.
- A review of documentation submitted by school districts that explains why students are not tested indicates that reports are submitted in aggregate by school district instead of by school as required by law. In some cases, school districts provide overall reasons why

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students are not tested rather than providing the number of students who fell under the reasons provided. Of further significance is that the department did not reconcile students tested, exemptions and alternative testing to school enrollment or school district enrollment.

- Schools with less than 10 students in a grade are not included in the rating. The minimum size requirements state "...where possible, data from all grade levels will be combined to generate data points, rather than by each grade level." Elimination of smaller schools from the accountability system precludes their being rated.
- Growth is another factor used in both the rating and ranking. Schools that are already high achieving schools may not have a very significant growth factor while low performing schools will usually have a large growth factor but may still remain low performing due to factors that are beyond the schools' control, such as socioeconomic conditions. School which cannot achieve much of a growth factor will not be eligible for incentive funds in the ranking.
- It is difficult to determine student gain and to perform longitudinal studies of student gain because testing companies are changed every four years due to Procurement Code requirements. In addition, it is costly to go out on request for proposal (RFP) every four years for test development. According to department staff, states such as Texas, Utah and Idaho have no limit on contractual services for testing companies; others have a five-year contract for criterion referenced tests (CRT) and 10-year contract for norm referenced tests (NRT).
- It has become difficult for the department to analyze data for school incentive funds due to free and reduced lunch privacy issues. This data was eliminated in the current school year from ADS resulting in the department having to find another mechanism to identify these students. Some alternatives being considered by the department may create more work and frustration at the school district level.

Section 22-1-6 NMSA 1978 requires all students be tested beginning in July 1999. School districts that do not test all their students are required to submit documentation by school providing explanations why students were not tested.

Recommendation. Ensure all students (regular, special education, bilingual, etc.) are administered assessments and reconcile students assessed to 120th day enrollment. Require school districts to submit adequate documentation by school providing explanations why all students are not tested as required by law.

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Investigate and request an exemption from the Procurement Code to extend the contractual period for testing companies. Continue to assess the rating and ranking factors to ensure that they are fair and equitable.

Improve Data Collection and Presentation. The School District Report Card is reader friendly and not very difficult to comprehend; however, the presentation of information from school district to school district is inconsistent. Some districts provide minimal aggregate information while others report an abundance of detail. It creates frustration when comparing school districts.

The information presented in the State Accountability Report does not always appear reliable, relevant or reasonable for stakeholders to draw informed conclusions. The department merely compiles the data that has been submitted by school districts. Validation and verification of data appears superficial. Only obvious reporting errors or significant outliers are detected. The following are examples of information which misleads the uninformed reader:

- The results of the quality of education survey can be misleading because of the way the survey is issued, collected and summarized. The survey is given to each student to take home to their parents. Parents with more than one child in school may return all the surveys or may return only one survey. This affects the final tabulation of results. Information regarding the total number of surveys distributed in relation to the number returned is not reported. Responses are tabulated based on the number of those returned. Results of the survey are tabulated by the department and returned to the schools for dissemination to parents.
- It is very difficult for the reader to determine if the number of incidents relating to school safety is or is not alarming. The report shows the number of police reported incidents, but does not address severity of incidents. It also does not adequately analyze number of reported incidents in relation to school district size. For example, 100 incidents in a large school district may not be significant, but 100 in a small school district may be very substantial. In addition, one school or school district may report all incidents of vandalism regardless of severity where another school or school district may only report major incidents. Therefore, this information is highly subjective and inconsistently reported across school districts.
- The reader cannot determine how many students were tested in relation to total enrollment because information about the number of students enrolled on the 120th day is not provided in the tables. TerraNova and Spanish assessment results are reported in School District Report Card. If all students tested ranked above the 40th percentile, the reader could easily believe that all students are meeting standards. However, if only 50 percent of the student enrollment is tested, only 50 percent of the student population ranked above the 40th percentile.

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- To date, community involvement has consisted of information communicated to parents about the schools and school districts through newsletters, parent meetings and brochures. The department is in the process of evaluating parent/community involvement plans submitted by school districts. The evaluation consists of determining if certain elements recommended by the National Parent Teacher Association (PTA) are present. A group of 50 individuals consisting of school district and department personnel were divided into teams to evaluate the plans. This may create issues with consistency and subjectivity in evaluating the plans. In the final phase of implementation the department will determine if the plan is actually being implemented at the school district level.
- Information presented in some School District Report Cards was compared to the State Accountability Report. Differences were noted even though the data are coming from the same source.
- Some school districts receiving additional at-risk program units did not report the specified services provided with additional at-risk funds in the School District Report Cards as required by law.

The current reporting format for results on the quality of education survey could lead the reader to conclude that 90 percent of the parents believe their child is safe in school when in fact only 25 percent of the parents returned the survey. Indicators relating to school safety and parent and community involvement are based, in part, on percentage of positive responses to four items on a parent questionnaire.

According to Section 22-1-6 NMSA 1978, the annual accountability report provides school districts-wide data for the previous school year. The State Board of Education is required to establish the report format and ensure relevant data are provided annually to stakeholders. School performance is measured through five statutorily established indices. The department is required to establish the methodology for measuring each of the five indices. The report is disseminated in accordance with guidelines established by the State Board of Education to ensure effective communication with parents, students, educators, local policymakers and business and community organizations.

Section 22-1-6 D. NMSA 1978 requires that the accountability report include results of a survey of parents' views of the quality of their children's school.

Sec 22-8-23.3 NMSA 1978 requires school districts that receive additional at-risk program units to report specified services in their School District Report Card.

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Recommendation. For consistency purposes, require basic information in the same format at beginning of the report. The remainder of the report could be used to include additional detail as desired by each school district.

The accountability report should clearly inform the reader of the purpose of the quality of education survey and that it is not intended to be statistically valid. In addition, the number of surveys distributed should be reported along with the number returned and responses received.

The department implemented a new reporting format for violence and vandalism for school districts to provide detail of incidents. Once received, department staff should analyze the data and report the information in perspective and consistently. Include information regarding the total student population, number of students tested and not tested in the School District Report Cards.

Ensure that information required by law is included in the School District Report Card and that information reported in the State Accountability Report is consistent with that reported in the School District Report Card.

Eliminate Data Reporting Duplication. The department prepares two separate reports pertaining to graduates and completers. They are the High School Completers Survey and the District Reported Data Sheet. Both are due by August 1 of each year and submitted in hard copy. Each collects similar information but in a different format. Some differences between the reports are:

- The High School Completers Survey contains the number of public school seniors who graduate or complete high school while the District Reported Data Sheet contains graduation rates.
- The High School Completers Survey contains the number planning to attend a post-secondary institution, by gender and ethnicity, while the District Reported Data Sheet contains seniors applying to two-and four-year post-secondary institutions.
- The District Reported Data Sheet contains students participating in bilingual Title I services which is not a part of the High School Completers Survey.
- The High School Completers Survey is used by colleges and universities for planning purposes while the other is used as part of the School District Report Card.

Violence and vandalism data are also required to be provided by August 1. The data are reported in the School District Report Card and also in a statutorily required report. The department could avoid duplication in reporting and reduce staff workload by incorporating all pertinent violence and vandalism information into the School District Report Card.

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Recommendation. Combine the High School Completers Survey and the District Reported Data Sheet to eliminate duplication and promote efficiency. Report violence and vandalism only once in one single report.

Adequately Staff Department and Train Personnel.

- Currently, the department has 11 data processing staff; FTE have not increased with the increase use of technology and data collection requirements. Once the ADS development and maintenance contract expires, it is questionable whether existing data processing staff can take over the increased workload now managed by the contractor. Technology transfer training must be adequately provided to ensure uninterrupted transition. The department is also implementing a performance-based budgeting systems at the school district level this will require more resources for the department to manage the system internally.
- It appears the department does not have the time and resources necessary to adequately analyze data submitted by all 89 school districts to make improvements. Eleven FTE are specifically responsible for data collection and analysis, six within the Data Collection and Reporting Unit and five within the Assessment and Evaluation Unit not including two secretaries and a clerk within the units. The Data Collection and Reporting Unit has had a vacancy for six months and the Assessment and Evaluation Unit has had a vacancy for four months. As of the date of this report, neither of these positions have been filled.

Most staff time is spent collecting, editing and reporting the data to meet required reporting deadlines. Not much time is available for analysis. In contrast, APS has approximately 20 FTE in Research Development and Accountability which mainly analyzes test results.

- The Internal Audit Unit consists of eight FTE; the audit manger, secretary and six field auditors. Staffing in this unit has not increased for several years.
- Written policies and procedures have not been developed and implemented for the Bilingual and Multicultural Education Unit, Special Education Unit and Financial Services.
- Department staff have not been required to attend ADS training due to their workload. Therefore, not all staff is aware of ADS capabilities and request information from school districts that is available in ADS.
- Department staff have not received training in data or statistical analysis. Without adequate training they cannot query ADS or adequately analyze ADS and other data which can affect the reliability of the results.

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Recommendation. Perform an internal assessment of the current workload to determine if some tasks can be eliminated or performed more efficiently. Analyze current staffing patterns to align resources with the most important strategies. If possible, adjust staffing patterns and fill all vacancies. Once these measures have been exhausted, then request funding for additional FTE through the appropriation process.

Develop and implement internal written policies and procedures for all areas in the department. Provide adequate and relevant training. Each will assist staff in the performance of their assigned duties.

Verify Accountability System Contract Deliverables. Two contracts relating to the development of the accountability system approved on October 21, 1997 and on April 6, 1999 appear to be for a similar scope of work; the contracts total \$222,116 and \$18,000 respectively. Contract deliverables which could not be identified in the report issued under the 1997 contract are:

- Development and demonstration of a methodology to measure year-to-year performance variations for the New Mexico student assessment program.
- Comparative analysis of New Mexico's Public School Accountability system with systems of other states.
- Selection and critique of statewide indicators for accountability.
- Development of an accountability system.

Contract deliverables which could not be identified in the report issued under the 1999 contract are:

- Development of a statistical models for identifying high improving schools, high achieving schools and schools in need of improvement.
- Develop policy and procedures for consideration by the department accountability work team to propose to the State Board of Education concerning identifying high improving schools, high achieving schools, and schools in need of improvement by June 30, 1999

The report issued under the 1999 contract states the current methodology for rating schools was flawed and recommended the department "develop and use methods that allow multilevel modeling of data". A hierarchical linear model (HLM) program was recommended. According to

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department staff, the department is moving in this direction. Accordingly, two staff members received training in this area and two others will be receiving training in the future.

The report issued under the 1999 contract also criticized the use of norm referenced tests for rating of schools. The norm referenced test compares New Mexico students with the rest of the nation. The contractor recommended that the department use criterion referenced testing for use in the accountability system. According to department staff, the State Board of Education uses norm referenced tests to determine how New Mexico students compare with the rest of the nation to ensure that our students are not falling behind. The department is required to implement criterion referenced testing within the next two years to meet federal guidelines for Title I. A request for information has been issued to determine available options for implementation of criterion reference testing.

The department appears to have contracted for services which it either does not have the resources or the expertise to perform. The following are examples of contracted services:

- Comprehensive legislative and regulatory monitoring on all developments at the federal level affecting programs administered by the department, August 4, 1998, \$12,600.
- Research, write and publish annual report, highlighting accomplishments, accountability, programs and policies, November 9, 1998, \$4,250.
- Develop format for New Mexico school districts accountability reports and an accompanying manual for school districts to use to collect, report and use the required data for instructional planning, April 22, 1999, \$29,790.
- Services for preparation of 1998-99 New Mexico Education 2000 Project Performance Report, May 25, 2000, \$3,915.
- Technical assistance services to school districts on the “performance warning” and “school improvement” program, December 12, 2000, \$188,762.

Recommendation. Prior to issuing payments verify that all contract deliverable have been provided. Adjust contracts and payments for deliverables that cannot be or are not provided.

Maintain Critical Documents and Create Central Repository. Documentation was requested to support the factors and methodology used in both the school ratings and rankings but was not provided. Documentation was also not provided to determine the department’s initial starting point and how it ended up with the factors used in the rating. Section 22-13A-5 NMSA 1978 requires that the department develop a formula by which to measure school achievement in the areas of academic performance, with consideration of socioeconomic variables for the ranking. Based on our initial inquiry, the factors, in most cases, were determined by the State Board of

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Education without statistical validity. In a few cases, some factors are consistent with what Texas is using. However, in most cases, supporting documentation was not provided to validate or replicate the basis of the ratings. The initial needs assessment for ADS was also requested and was not provided.

Adequate documentation to support the rating and ranking methodology should be available to allow the department to defend it's application. Without documentation, the methodology cannot be replicated and validated. The initial needs assessment should be on file to ensure that the current system has met those needs and for historical purposes should other systems development needs arise. This is especially important when agency turnover is constant.

Recommendation. In the future, ensure that documentation is maintained regarding high stakes and high cost projects. Designate a master file for all important historical documentation which is readily available for new staff and audit and validation purposes.

Minimize Staff Turnover. The department continues to experience a large staff turnover as indicated in following table.

Year	Employee Count	Terminations	Turnover Percent
2000-2001	232	48	20.7
1999-2000	242	42	17.4
1998-1999	242	18	7.4
1997-1998	220	28	12.7
1996-1997	210	31	14.8
1995-1996	208	17	8.2
1994-1995	215	22	10.2
1993-1994	211	22	10.4
1992-1993	202	21	10.4

The high staff turnover rate affects working conditions. The department is continually training new staff which takes time away from oversight, monitoring and data analyses. In addition, school district personnel expressed frustration because they too are training department staff. Department staff provide inadequate guidance to school districts because they are unfamiliar with educational policy and procedures. School district personnel stated they are continually speaking to a different person and frequently receive inconsistent guidance.

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Recommendation. Perform a study to determine why staff is leaving and develop and implement a plan to stabilize staffing.

Perform Timely Cash Reconciliations. Timely cash reconciliations have not been performed. In August 2001, the department had not reconciled its general operating and federal flow through account since June 2000. As of September 24, 2001, the general operating account has been reconciled through May 2001 and the federal flow through account has been reconciled through December 31, 2000. There were four other accounts in which the reconciliation dates range from June 30, 2000 to May 31, 2001.

Staff turnover, lack of written policies and procedures and improper management oversight contributed to untimely cash reconciliations. The lack of timely cash reconciliations precludes management from knowing if sufficient cash is available to transfer funds to school districts and make timely payments. It also is a violation of good internal controls because errors and irregularities cannot be detected and resolved in a timely manner.

Recommendation. Reconcile cash accounts timely and in the required format as soon as necessary documentation is received from the Department of Finance and Administration. Require management to review and approve cash reconciliations to ensure they are performed timely.

Improve Internal Audit Function. In connection with this audit, the Internal Audit annual reports were reviewed to determine the extent of school districts reporting problems. As a result the following areas have been identified for improvement:

- Current annual reports do not provide the financial impact resulting from membership and training and experience (T&E) audits.
- The sampling method used is inconsistent with statistical sampling methodology. Rather than using the entire student population to select the sample, which would give each student record an equal chance of being selected, the sample size is proportionately used to select a sample of students from each school within the school districts. Therefore, errors cannot be projected to the total population. Also, the random sample selection methodology is not followed during the audit process.
- All data reported through ADS is not audited. Internal auditors concentrate on membership, special education and T&E. Bilingual education data has not been audited for the last several years and student ID numbers and teacher data are not verified.

The following tables provide a summary of instances in which student and teacher records did not agree with ADS data for the 32 schools in 16 districts visited:

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Summary of Student Record Review

Observation	Instances
File not available for review	19
Unable to verify student enrollment for entire school year	9
Name and/or birth date incorrect in ADS	18
Incorrect bus and lunch service designation	59
Valid social security number available but not used	74
Incorrect reporting of student identification number	55
Student/teacher assignment inconsistent between ADS and student files	8
Native American status and program designation inconsistent between ADS and student files	5
Language and assessment data (LEP/ELL) inconsistency between ADS and student files	80
Erroneously designated at Title VIII student in ADS	23
Special education and individual education plan (IEP) data inconsistent with ADS	25
Total	377

Summary of Teacher Record Review

Observation	Instance
Licensure information incomplete at State Department of Education	4
Name and birth date incorrect in ADS	7
Salary data inconsistent between ADS and teacher files	35
Education and licensure/certification data inconsistent between ADS and teacher files	36
Total	82

Projecting the results over the entire population reveals the extent of errors detected during the audit. Currently, membership and T&E factors are adjusted in the school funding formula only for actual errors detected in records audited.

Drastic changes have occurred in school district reporting over the last six years. However, internal audit areas have not changed with the changes in the Accountability Program. Internal audit is still auditing one-third of the school districts each year for membership and T&E. Dropout data and assessment security were only recently assigned.

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Recommendation. Reevaluate the role of the Internal Audit Unit to coincide with the validation and verification of data used in the Accountability Program. Provide training in statistical sampling so that results of audit work can be projected over the entire population.

DEPARTMENT RESPONSES

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Response to the Audit Findings

**New Mexico
State Department of Public Education
October 2001**

**Michael Davis
State Superintendent
of
Public Instruction**

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INTRODUCTION

The New Mexico State Department of Education staff, upon request of the Legislative Finance Committee Auditors, provided detailed information, documents, and reports to address the questions and concerns that were posed over the past several months. It is the belief of the Department staff that they responded to the best of their ability and the best of their knowledge. It was a cooperative endeavor in which the Department believed they would benefit from the scrutiny and the expertise of the auditors. As a result of the audit, staff have already begun to revise some of the processes for accountability.

The ensuing document is a response to the auditors' findings. It is organized to provide the major topic, the LFC auditors' recommendation(s) regarding that topic, a statement of agreement or disagreement with the recommendation(s), and further narrative as way of an explanation from the Department.

The Department welcomes comments and questions regarding this audit report.

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LFC RECOMMENDATIONS AND SDE RESPONSES

- **Mandate Unique Student Identification Numbers for Data Tracking.**
- Recommendation. Mandate that all school districts use social security numbers as the unique student identification number. **Partially Agree**

DEPARTMENT RESPONSE: *The Department cannot mandate that school districts use social security numbers. However, the State Department of Education (SDE) will issue a statement to districts on the use of social security numbers, requesting that they first seek to obtain and use the student's social security number before issuing a unique identifier. Software packages will be reviewed to determine the most effective method of assigning a student identifier when the district is unable to obtain the social security number. Additionally, the current system will be studied to determine if it is possible to label the social security number as such.*

- **Validate Data to Ensure Reliability of Reported Results.**
- Recommendation. Require all districts use the validation software prior to submission of data; ensure that the latest transmission of data is used; streamline edit reports; require data submission at night; request assistance from Internal Audit Unit to ensure data reliability from districts; reinforce the need for accuracy. **Partially Agree**

DEPARTMENT RESPONSE: *The Department has held training for the school districts on the ADS Access Template so that districts can validate their ADS data before submitting it to the Department. The Department has strongly recommended that every district, except the very large districts, use the ADS Access Template. Submission of data, when there are several vendors assisting districts in programming their ADS to respond, when various hardware and software packages are utilized, and when there are various levels of expertise, coupled with turnover in the ADS coordinators in the districts, leads to some of the complex issues described in the audit. However, the annual training provided by the Department, a full-time ADS coordinator at the Department, and the experience now acquired by many of the district level personnel have helped reduce inefficient and erroneous data submissions. Requesting all districts to submit at night is not necessary as it is only the larger districts that prevent the Department from utilizing its databases for any extended amount of time. Internal Audit has already met with other staff in the Department and will begin to respond to requests to examine certain data sets in the districts, such as verification of the dropout report and test security measures.*

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- **Promote Efficiency and Accuracy in District Funding.**
- Recommendation. Provide recommended statutory changes for the next legislative session to fund districts with 200 or less membership consistent with all other districts. **Agree**

DEPARTMENT RESPONSE: *Last year in its Public School Support Package, the State Board of Education included a requested change to bring the program cost calculation for districts with a membership of 200 or less in line with the program cost calculation for all other districts by amending § 22-8-25D(3) to remove the reference to a December 1 special education adjustment. To be consistent with the remainder of § 22-8-25, we suggest that the language be amended to read: “calculate the number of program units to which a school district with a basic program MEM of two hundred or less is entitled by using an average of the membership on the fortieth, eightieth and one hundred twentieth days of the prior year or the fortieth day of the current year, whichever is greater.” This change would eliminate the need for a calculation of program cost for small districts outside of ADS.*

- **Reconcile Assessment Data for School Rating and Ranking.**
- Recommendation. Ensure that all students (regular, special education, bilingual, etc.) are administered assessments and reconcile students assessed to 120th day enrollment. Require districts to submit adequate documentation by school providing explanations why all students were not tested. **Agree**

DEPARTMENT RESPONSE: *There has never been any intent to circumvent the law. However, determining who is testing and who is not and tracking the reasons is a complex management of data. Requirements to test all students have become more stringent over time. Reconciliation of the data to demonstrate this is occurring has been addressed over the past few years, especially when monetary awards were attached to ability to demonstrate high improvement from one year to the next. The Department continues to work toward the goal of reconciling every student in the system who is required to be tested. The sophistication of this process improves over time. Bar codes on test booklets, review of the student ID numbers in ADS, and a more thorough reporting format for the districts/schools have been implemented.*

- Investigate and request an exemption from the procurement code to extend contractual period for testing companies. **Agree**

DEPARTMENT RESPONSE: *Periodically, the Department has asked for a “sole source” arrangement in order to continue contracting with the same publisher. This request has not always been successful. It would be a better arrangement to have this particular contract waived from the requirement to offer an RFP every four years (or at least to be able to extend the contract on a year-to-year basis after four years if everyone agreed that performance continued to be satisfactory).*

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- Continue to assess the rating and ranking factors to ensure that they are fair and equitable.

Agree

DEPARTMENT RESPONSE: *There are several mechanisms being utilized to ensure the process of evaluation of the current system of accountability ratings and rankings. There is an established “Blue Ribbon Panel” comprised of district superintendents and data experts that advise the State Superintendent of Public Instruction. The State Board of Education has an Accountability Committee that meets regularly prior to each Board meeting to review issues of this nature. There is the Educational Standards Commission that serves as an advisory board to the State Board of Education. There is an internal work group – the Accountability Work Team – that studies methods and indicators and accountability systems being employed in other states and reviews best practices in order to make recommendations to the Board. The Board has also offered many opportunities for public comment regarding all issues of the accountability program they have adopted. Currently, staff at the Department are considering new methods of accountability that claim to be able to determine whether student progress, as measured by achievement tests, is directly attributable to the school. These groups are also considering other indicators of school effectiveness.*

- **Improve Data Collection and Presentation.**

- **Recommendation.** Require basic information at beginning of accountability reports. Provide purpose of quality of education survey and account for number of returns versus number distributed, number responding on each item versus number left blank or invalidated. Provide more data analysis on violence and vandalism report. Provide information regarding number of students tested on the report cards. Provide consistency between state reports and district reports and ensure all statutory requirements of reporting are met. **Partially Agree**

DEPARTMENT RESPONSE: *The district report cards have been amended each year to ensure that required data are reported. There is currently the option of districts being able to report other data as they see fit. The State Accountability Report should be amended to reflect the requirements of the districts and to provide concise information that helps inform the public and other interested parties about the progress and status of education in New Mexico. Data analysis is a difficult task when reviewing “self-reported” data; however, the Department should invest in some professional development training and acquisition of tools to do more data analysis. Additionally, the reporting of data is more meaningful if given a context, such as providing the number of responses on the quality of education survey and the test reports.*

- **Eliminate Data Reporting Duplication.**

- **Recommendation.** Combine the High School Completers Survey and the District Reported Data Sheet. Report violence and vandalism only once in one single report. **Agree**

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DEPARTMENT RESPONSE: *There is no reason to continue to utilize the two separate reports on graduation and completers. Violence and vandalism reports on a more frequent basis may assist schools and districts in determining their needs, but the Department has no need to collect the data any more frequently than once a year. However, there are some Special Education reporting requirements regarding violence and vandalism that impact the reporting of this information.*

- **Adequately Staff Department and Train Personnel.**

- **Recommendation.** Perform an internal assessment of the current workload, analyze current staffing patterns, fill all available vacancies, request funding for additional FTE. **Agree**

DEPARTMENT RESPONSE: *The Department, through its PAD process, through its relationship with the State Personnel Office, and with input from the employees, continuously reviews staffing patterns, workloads, and the need for professional development. Each year, after an analysis of its systems, the Department requests additional FTEs as appropriate.*

- **Verify Accountability System Contract Deliverables.**

- **Recommendation.** Prior to issuing payments verify that all contract deliverables have been provided. Adjust contracts and payments for deliverables which cannot or are not provided. **Agree**

DEPARTMENT RESPONSE: *The Department believes that payments were made to contractors only when services and products were delivered as agreed upon in the contracts.*

- **Maintain Critical Documents and Create Central Repository.**

- **Recommendation.** Ensure that documentation is maintained regarding high stakes and high cost projects: master file, historical documentation. **Agree**

DEPARTMENT RESPONSE: *The Department believes the files maintained by previous employees are complete and accurate.*

- **Minimize Staff Turnover.**

- **Recommendation.** Study why staff is leaving and what areas need to be addressed to stabilize staffing. **Partially agree**

DEPARTMENT RESPONSE: *As part of the termination process, staff who leave are interviewed to determine the reason. The Department has begun to implement quality management strategic planning to address this issue.*

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- **Perform Timely Cash Reconciliations.**

- Recommendation. Cash reconciliations be timely, formatted correctly, and documented with management review. **Agree**

DEPARTMENT RESPONSE: *The Department agrees that a lack of timely reconciliations precludes an agency's ability to become aware of errors and irregularities and makes it impossible to properly manage its financial resources. The Department has developed a short-term plan to complete all outstanding reconciliations. This plan has been shared with appropriate officials of the Legislative Finance Committee (LFC) and the Department of Finance and Administration (DFA). The SDE has hired a former DFA employee and a former State Treasurer on a temporary basis and has also contracted with a CPA who participated in the Department's 1999-2000 independent audit. The Department's long-term plan is to remain in compliance and to provide adequate training for all new staff.*

- **Improve Internal Audit Function.**

- Recommendation. Reevaluate the role of the Internal Audit Unit to coincide with the validation and verification of data used in the Accountability Program. Provide Training in statistical sampling so that results of audit work can be projected over the entire population. **Partially Agree**

DEPARTMENT RESPONSE: *The unit has compiled financial information regarding Training and Experience (T & E) adjustments made as a result of errors found in the audit process. We will be looking at ways to present and incorporate this information into the annual report. The sampling methodology which has been utilized was considered appropriate as no projections were being made over the entire population. Such sampling projections do not lend themselves to T & E as the funding index is derived from a matrix of cells whereby the attributes of each cell are different. We will take steps, however, to project findings within the area of membership. With regard to prior year audits we agree that certain areas were continually assessed. This is no longer the situation. In our last audit cycle we expanded our audit scope to look at other reporting requirements. In this next cycle of audits we are expanding further into the areas of assessment security and required child abuse training certifications, and it is our hope to look at bilingual issues as suggested.*